

Rule 3 EXAMINATIONS**3.1 SEMESTER HOUR; ACCREDITED COLLEGES, UNIVERSITIES, SCHOOLS AND PROGRAMS; CREDIT FOR COURSES**

(a) As used in these Rules, a “semester hour” means the conventional college semester hour. Quarter hours may be converted to semester hours by multiplying them by two-thirds.

(b) As used in these Rules, “accreditation” refers to the process of quality control of the education process. There are three different levels of accreditation referred to in these Rules and the degree to which the Board relies on accreditation differs according to the level at which the degree-granting institution is accredited. The three levels of accreditation are:

1. Level 1 accreditation (accounting accreditation) is granted to a four-year, degree-granting college or university and its accounting program or department that have both business and accounting accreditation awarded by a national accreditation agency that is recognized by the Board, such as the AACSB INTERNATIONAL-The Association to Advance Collegiate Schools of Business. Accounting programs or departments accredited in this manner have met standards substantially higher and much more specific than those required for Level 2 or Level 3 accreditation. For Level 1 accreditation, the accounting program or department must meet a stringent set of standards that addresses faculty credentials, student quality, physical facilities, curricula and continuous improvement.

2. Level 2 accreditation (business accreditation) is granted to a four-year degree-granting college or university that has business accreditation awarded by a national accreditation agency that is recognized by the Board such as the AACSB INTERNATIONAL – The Association to Advance Collegiate Schools of Business. Business accreditation awarded in this manner is based on a specific and comprehensive examination of the institution’s strategic management, participants, and assurance of learning processes.

3. Level 3 accreditation (regional accreditation of the educational institution) is granted to a four-year degree-granting college or university that is accredited by one or more recognized regional accrediting agencies (including their predecessor or successor agencies). In Level 3 accreditation, the institution is accredited, but neither the business school or program or its accounting program are separately accredited. The Board recognizes the following six (6) regional accrediting agencies.

Middle States Association of Colleges and Schools;
New England Association of Schools and Colleges Commission on
Institutions of Higher Education;
North Central Association of Colleges and Schools The Higher Learning
Commission;
Northwest Commission on Colleges and Universities;
Southern Association of Colleges and Schools Commission on Colleges;
and the
Western Association of Schools and Colleges Accrediting Commission for
Senior Colleges and Universities.

Colleges and Universities accredited by these associations are listed in Accredited Institutions of Postsecondary Education published by the Council of Postsecondary Accreditation of the American Council on Education.

(c) A candidate is considered as graduating from an accredited educational institution if at the time the educational institution grants the applicant's degree, it is accredited at the appropriate level as outlined in these Rules.

(d) If an educational institution was not accredited at the time an applicant's degree was received but is so accredited at the time the application is filed with the Board, the institution will be deemed to be accredited for the purpose of subsection (c), provided;

- (1) the educational institution certifies that the applicant's total educational program would qualify the applicant for graduation with a baccalaureate degree during the time the institution has been accredited; and
- (2) the educational institution furnishes the Board satisfactory proof, including college catalogue course numbers and descriptions, that the pre-accrediting courses used to qualify the applicant as an accounting major are substantially equivalent to post-accrediting courses, and
- (3) the applicant has met the educational requirements outlined in Section 3.2.

(e) If an applicant's degree was received at an accredited educational institution pursuant to subsection (c) or (d), but the educational program which was used to qualify the applicant as an accounting major included courses taken at non-accredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which applicant's degree was received, provided the accredited institution either –

- (1) has accepted such courses by including them in its official transcript; or
- (2) has certified to the Board that it will accept such courses for credit toward graduation.

(f) A graduate of a four-year degree-granting college or university not accredited at the time applicant's degree was received or at the time the application was filed will be deemed to be a graduate of an accredited educational institution if –

- (1) a credentials evaluation service that is a member of the National Association of Credential Evaluation Services or one approved by the Board certifies that the applicant's degree is equivalent to a degree from an accredited educational institution defined in subsection (b); or
- (2) (A) an accredited educational institution as defined by subsection (b) accepts applicant's non-accredited baccalaureate degree for admission to a graduate business degree program;
(B) the applicant satisfactorily completes at least fifteen semester hours, or the equivalent, in post-baccalaureate education at the accredited institution, of which at least nine semester hours, or the equivalent, shall be in accounting; and
(C) the accredited educational institution certifies that the applicant is in good standing for the continuation in the graduate program, or has maintained a grade point average in these courses that is necessary for graduation.

(g) The advanced subjects completed to qualify under subsection (f)(2) may not be used to satisfy the requirements of section (h).

(h) The accounting and business concentration or equivalent shall consist of the semester hours specified in Rule 3. 2 below.

3.2 EDUCATION REQUIREMENT

(a) Prior to January 2008, an applicant will be deemed to have met the education requirement if the applicant has met any one of the following four conditions:

(i) Earned a graduate degree with a concentration in accounting from an accounting program or department that is accredited (Level 1 accreditation) by an accrediting agency recognized by the Board.

(ii) Earned a graduate degree from a business school or college of business that is accredited (level two accreditation) by an accrediting agency recognized by the Board and completed 30 semester hours in accounting at the undergraduate (with a minimum grade of "C" in each course) or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, management accounting, and governmental/not-for-profit accounting.

(iii) Earned at least 150 semester hours including a baccalaureate degree from a business school or college of business that is accredited (level two accreditation) by an accrediting agency recognized by the Board and completed 30 semester hours in accounting at the undergraduate (with a minimum grade of "C" in each course) or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, management accounting, and governmental/not-for-profit accounting.

(iv) Earned at least 150 semester hours including a baccalaureate or higher degree from an accredited educational institution (Level 3 accreditation) including:

(1) at least 30 semester hours of accounting at the undergraduate (with a minimum grade of "C" in each course) or graduate level, including coverage of, but not necessarily separate courses in, the subjects of financial accounting, auditing, taxation, management accounting, and governmental/not-for-profit accounting; and

(2) at least 24 semester hours in business courses (other than accounting), with a minimum grade of "C" in each course, at the undergraduate or graduate level.

(3) no more than six semester hours will be recognized for internships.

(b) Effective for applicants who first sit for the examination on or after January 1, 2008, an applicant will be deemed to have met the education requirement if the applicant has met any one of the following four conditions, including the rules in sections (c) – (i) below:

(1) Earned a graduate degree with a concentration in accounting from an accounting program or department that meets the criteria for Level 1 accreditation, defined in Section 3.1(b) as accounting accreditation. Applicants in this category are deemed to have satisfied both the business and accounting education requirements for the examination.

(2) Earned a graduate degree with at least 30 upper-level or 20 graduate hours in accounting (or a combination thereof) as listed in Section 3.2(c) from a college or university that meets the criteria for Level 2 accreditation, defined in Section 3.1(b) as business accreditation. Applicants in this category are deemed to have satisfied the business education requirements for the examination.

(3) Earned an undergraduate degree, including 150 hours with at least 30 upper-level or 20 graduate hours in accounting (or a combination thereof) as listed in

Section 3.2(c), from a college or university that meets the criteria for Level 1 accreditation or Level 2 accreditation, defined in Section 3.1(b) as accounting and business accreditation respectively. Applicants in this category are deemed to have satisfied the business education requirements for the examination.

(4) Earned a graduate or an undergraduate degree either of which, includes 150 hours with at least 30 hours in business as listed in Section 3.2(e) and at least 30 upper-level or 20 graduate hours in accounting (or a combination thereof) as listed in Section 3.2(c), from a college or university that meets the criteria for Level 3 accreditation defined in Section 3.1(b) as regional accreditation. Applicants in this category must meet the accounting education requirements defined in Section 3.2(c) and the business education requirements defined in Section 3.2(e).

(c) The accounting component of the applicant's educational program must include at least 30 semester credit hours (SCH) of undergraduate accounting courses above the principles level or 20 SCH of graduate-level accounting courses, or a combination thereof. The accounting component must include coverage of financial accounting, management accounting, governmental and not-for-profit accounting, federal taxation, auditing and attestation, and accounting information systems. The applicant must earn a grade of "C" or better in each course included in the accounting component.

(d) The Board recognizes the essential need to include coverage of ethics and written communication in the accounting component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the accounting component.

(e) The business component of the applicant's educational program must include at least 30 SCH of undergraduate courses in business, other than accounting, or 20 SCH of graduate business courses other than accounting (or a combination thereof). The applicant must earn a grade of "C" or better in each course included in the business component.

(f) The Board recognizes the essential need to include coverage of ethics and written communication in the business component and, therefore, encourages institutions to integrate coverage of both topics appropriately in the business component.

(g) Content areas specified in the accounting component may be covered in stand alone courses at some institutions or may be integrated or embedded within related courses at other institutions. Institutions that use an integrated approach that covers multiple subjects will be responsible for providing the Board with documentation to establish the courses within which each content area is covered.

(h) Internship credit: The accounting component may include a maximum of 3 SCH earned for an accounting internship. Internship credit may not be used to fulfill the subject matter requirements listed in 3.2(c). The business component may include a maximum of 3 SCH earned for a business internship, other than in accounting.

(i) Independent study: The accounting component may include a maximum of 3 SCH earned for an independent study. When appropriately documented by the institution, these hours may be used to fulfill part of the subject matter requirements listed in 3.2(c).

3.3 APPLICATIONS FOR EXAMINATION

(a) Applications to take the Certified Public Accountant Examination must be made

on a form provided by the Board and received by the Board on or before a date specified by the Board in the application form. See Rule 3.8

(b) An application will not be considered filed until the applicable fees required by these Rules and all required supporting documents have been received, including proof of identity as determined by the Board, official transcripts, proof the educational requirement has been satisfied, and proof that the Candidate has received the applicable degree, or certification from the school on a form prescribed by the Board that the degree has, in fact, been earned, but will be conferred at a later date. In the case where the degree is to be conferred at a later date, the Applicant shall not be credited with any score(s) until the official transcript showing that the degree has been conferred is received by the Board. All transcripts and verification of receipt of degree must be sent from the appropriate school officials directly to the Board.

(c) The candidate must cause official transcripts documenting the degree conferred to be received by the Board office within 30 days after the degree is conferred.

(d) The Board or its designee will forward notification of eligibility for the computer-based examination to NASBA's National Candidate Database.

3.4 TIME AND PLACE OF EXAMINATION

A Notice to Schedule (NTS) will be sent to eligible candidates via the address indicated on the application form. The candidate will have six months from the date the NTS is issued to schedule and take the approved examination sections. Utilizing the NTS, candidates are required to contact the test delivery provider identified by the Board to schedule the time and place for the examination at an approved test site. If a candidate requires rescheduling, the candidate must contact the test delivery provider. Scheduling reexaminations must be made in accordance with Rule 3.7 below.

3.5 EXAMINATION CONTENT

The examination required by A.C.A. § 17-12-301 shall test the knowledge and skills required for performance as an entry-level certified public accountant. The examination shall include the subject areas of accounting and auditing and related knowledge and skills as the Board may require.

3.6 DETERMINING AND REPORTING EXAMINATION GRADES

A Candidate shall be required to pass all Test Sections of the Certified Public Accountant Examination in order to qualify for a certificate. The Candidate must attain the uniform passing grade established through a psychometrically acceptable standard-setting procedure and approved by the Board. Upon receipt of grades reported by the examination provider, the Board will review and may adopt the examination grades and will report the adopted grades to the qualified Candidate (one who has met all requirements of Rules 3.2 and 3.3 above).

3.7 RETAKE AND GRANTING OF CREDIT REQUIREMENTS

(a) A Candidate shall be required to pass all Test Sections of the Certified Public Accountant Examination in order to qualify for a certificate. A Candidate may take the required Test Sections individually and in any order. Credit for any Test Section(s) passed shall be valid for eighteen months from the actual date the Candidate took that Test Section, without having to attain a minimum score on any

failed Test Section(s) and without regard to whether the Candidate has taken other Test Sections.

(1) Candidates must pass all four Test Sections of the Uniform CPA Examination within a rolling eighteen-month period, which begins on the date that the first Test Section(s) passed is taken.

(2) Candidates cannot retake a failed Test Section(s) in the same examination window. An examination window refers to a three-month period in which Candidates have an opportunity to take the CPA examination (comprised of two months in which the examination is available to be taken and one month in which the examination will not be offered while routine maintenance is performed and the item bank is refreshed). Thus, Candidates will be able to test two out of the three months within an examination window.

(3) In the event all four Test Sections of the Uniform CPA Examination are not passed within the rolling eighteen-month period, credit for any Test Section(s) passed outside the eighteen-month period will expire and that Test Section(s) must be retaken.

(b) Candidates having earned conditional credits on the paper-and-pencil examination, as of the launch date of the computer-based Uniform CPA Examination, will retain conditional credits for the corresponding Test Sections of the computer-based CPA examination as follows:

Paper-and-Pencil Examination	Computer-Based Examination
Auditing	Auditing and Attestation
Financial Accounting and Reporting (FARE)	Financial Accounting and Reporting
Accounting and Reporting (ARE)	Regulation
Business Law and Professional Responsibilities (LPR)	Business Environment and Concepts

(1) Candidates who have attained conditional status as of the launch date of the computer-based Uniform CPA Examination will be allowed a transition period to complete any remaining Test Sections of the CPA examination. The transition is the maximum number of opportunities that Candidates who have conditioned under the paper-and-pencil examination have remaining, at the launch of the computer-based CPA examination, to complete all remaining Test Sections, or the number of remaining opportunities under the paper-and-pencil examination, multiplied by six months, whichever is first exhausted.

(2) If a previously conditioned Candidate does not pass all remaining Test Sections during the transition period, conditional credits earned under the paper-and-pencil examination will expire and the Candidate will lose credit for the Test Sections earned under the paper-and-pencil examination. However, any Test Section(s) passed during the transition period is subject to the conditioning provisions of the computer-based examination as indicated in the aforementioned conditioning recommendation, except that a previously conditioned Candidate will not lose conditional credit for a Test Section of the computer-based examination that is passed during the transition period, even

though more than eighteen months may have elapsed from the date the Test Section is passed, until the end of the transition period.

A Candidate shall retain credit for any and all Test Sections of an examination passed in another state if such credit would have been given, under then applicable requirements, if the Candidate had taken the examination in this State.

(c) The Board may in particular cases extend the term of conditional credit validity notwithstanding the requirements of subsections (a), (b), (c) and (d), upon a showing that the credit was lost by reason of circumstances beyond the Candidate's control.

(d) A Candidate shall be deemed to have passed the Uniform CPA Examination once the Candidate holds at the same time official credit for passing each of the four Test Sections of the examination. For purposes of this section, credit for passing a Test Section of the computer-based examination is valid from the actual date of the Testing Event for that Test Section, regardless of the date the Candidate actually receives official notice of the passing grade.

3. 8 CANDIDATE TESTING FEE

(a) The Candidate shall, for each applicable Test Section pay to the Board or its designee fees charged by the AICPA, NASBA, and the Test Delivery Provider, as well as the application and section fees established by the State Board. The application and section fees are nonrefundable and nontransferable. The fees for AICPA, NASBA, and the Test Delivery Provider are collected by the Board and held for transfer to the entities. Those fees are nontransferable, but may be partially refunded if extreme hardship precludes the applicant from scheduling or taking the exam. Extreme hardship is defined as medical emergency of candidate or candidate's immediate family, or death in immediate family. Any other extreme hardship situation will be reviewed on a case-by-case basis by the Board. Documentation of such circumstances must be submitted along with written request as soon as possible, but no later than 30 days from the date the candidate was scheduled for the applicable section(s) or 30 days from the expiration of the NTS whichever occurs first. The fees to sit for the examination are enumerated in Rule 12.

(b) A first-time applicant is defined as an applicant who has never sat for any section of the CPA examination as an Arkansas applicant, or has never received official scores as an Arkansas candidate.

(c) A re-exam applicant is defined as an applicant taking any section of the CPA examination after sitting as a first-time Arkansas applicant.

3. 9 CHEATING

(a) Cheating by a Candidate in applying for, taking or subsequent to the examination will be deemed to invalidate any grade otherwise earned by a Candidate on any Test Section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(b) For purposes of this Rule, the following actions or attempted activities, among others, may be considered cheating:

- (1) Falsifying or misrepresenting educational credentials or other information required for admission to the examination;
- (2) Communication between Candidates inside or outside the test site or copying another Candidate's answers while the examination is in progress;

- (3) Communication with others inside or outside the test site while the examination is in progress;
 - (4) Substitution of another person to sit in the test site in the stead of a Candidate;
 - (5) Reference to crib sheets, textbooks or other material or electronic media (other than that provided to the Candidate as part of the examination) inside or outside the test site while the examination is in progress.
 - (6) Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so.
 - (7) Retaking or attempting to retake a Test Section by an individual holding a valid Certificate or by a Candidate who has unexpired credit for having already passed the same Test Section, unless the individual has been directed to retake a Test Section pursuant to Board order or unless the individual has been expressly authorized by the Board to participate in a "secret shopper" program.
- (c) In any case where it appears that cheating has occurred or is occurring, the Board or its representatives may either summarily expel the Candidate involved from the examination or move the Candidate to a position in the Test Center away from other examinees where the Candidate can be watched more closely.
- (d) In any case where the Board believes that it has evidence that a Candidate has cheated on the examination, including those cases where the Candidate has been expelled from the examination, the Board shall conduct an investigation and may conduct a hearing consistent with the requirements of the state's Administrative Procedures Act following the examination session for the purpose of determining whether or not there was cheating, and if so what remedy should be applied. In such proceedings, the Board shall decide:
- (1) Whether the Candidate shall be given credit for any portion of the examination completed in that session; and
 - (2) Whether the Candidate shall be barred from taking the examination and if so, for what period of time.
- (e) In any case where the Board or its representative permits a Candidate to continue taking the examination, it may, depending on the circumstances:
- (1) Admonish the Candidate;
 - (2) Seat the Candidate in a segregated location for the rest of the examination;
 - (3) Keep a record of the Candidate's seat location and identifying information, and the names and identifying information of the Candidates in close proximity of the Candidate; and/or
 - (4) Notify the National Candidate Database and the AICPA and/or the Test Center of the circumstances, so that the Candidate may be more closely monitored in future examination sessions.
- (f) In any case in which a Candidate is refused credit for any Test Section of an examination taken, disqualified from taking any Test Section, or barred from taking the examination in the future, the Board will provide to the Board of Accountancy of any other state to which the Candidate may apply for the examination information as to the Board's findings and actions taken.

3.10 SECURITY AND IRREGULARITIES

Notwithstanding any other provisions under these rules, the Board may postpone scheduled examinations, the release of grades, or the issuance of certificates due to a breach of examination security; unauthorized acquisition or disclosure of the

contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

Effective as of 12/10/2005

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